



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

May 4, 2006

The Honorable Shirley Johnson, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Scott Hummel, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending March 31, 2006. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary A. Lannoye".

Mary A. Lannoye
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Ken Sikkema, Senate Majority Leader
Craig DeRoche, Speaker of the House
Bob Emerson, Senate Minority Leader
Diane Byrum, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Fulton Sheen, House Tax Policy Committee
John Burchett, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2006
Projected Revenues and Expenditures
March 31, 2006
(\$ in millions)

	FISCAL 2006
Beginning Balance, October 1, 2005	\$ 220.5
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2006 Consensus Estimate	\$ 8,207.8
Adjustments to Consensus Baseline	
Additional Revenue Adjustments:	
Revenue Sharing Freeze (PA 196 of 2005 and January 2006 Consensus)	\$ 358.1
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 192.4
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Financial Institutions Fund Revenue Deposit to GF	\$ 15.0
Interest Earnings - Tobacco Securitization (PA 226 of 2005)	\$ 10.0
Reduce Sales Tax to Comprehensive Transportation Fund; deposit to GF (PA 69 of 2006)	\$ 10.8
Agriculture Equine Industry Development Fund Revenue Deposit to GF (PA 42 of 2006)	\$ 2.0
Remonumentation Fund Revenue Deposit to GF (PA 76 of 2006)	\$ 15.0
Subtotal Additional Revenue Adjustments	\$ 613.3
Anticipated Revenue Adjustments:	
Land Sales (including HB 5114)	\$ 47.0
State Services Fee Fund Deposit to GF (pending legislation)	\$ 6.0
Subtotal Anticipated Revenue Adjustments	\$ 53.0
Total FY Resources Available For Expenditure GF/GP	\$ 9,094.6
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 8,975.7
Enacted Supplemental (PA 226 of 2005)	\$ 1.0
Enacted Supplemental (PA 297 of 2005)	\$ 4.9
Anticipated Expenditure Adjustments:	
Requested History, Arts, and Libraries Supplemental (SB 242)	\$ 0.6
Requested Human Services Supplemental (SB 242)	\$ 32.6
Requested Legislative Council Supplemental (SB 242)	\$ 0.5
Requested Treasury Supplemental (SB 242)	\$ (0.5)
Total Expenditures Projected	\$ 9,014.8
Projected Ending Balance, September 30, 2006	\$ 79.8

OFFICIAL BALANCE SHEET

SCHOOL AID FUND Fiscal Year 2006 Projected Revenues and Expenditures March 31, 2006 (\$ in millions)

	FISCAL 2006
Beginning Balance, October 1, 2005	\$ 93.7
Current Year School Aid Fund Revenues, January 2006 Consensus	\$ 11,230.9
Adjustments to Consensus Baseline	
FY04 Audit Receivables Adjustments	\$ 3.0
Subtotal, School Aid Fund, Current Year Direct Resources	\$ 11,233.9
School Bond Loan Revolving Fund	\$ 44.5
General Fund Subsidy	\$ 62.7
	\$ 107.2
Federal Aid	\$ 1,392.6
Total Available SAF Resources	\$ 12,827.4
Expenditures	
Enacted Appropriations PA 155 of 2005	\$ 12,757.2
Revised cost estimates	\$ (51.5)
Pending Supplemental Request (January 17, 2006)	\$ 41.5
Adjusted Appropriations	\$ 12,747.2
Projected School Aid Fund Ending Balance September 30, 2006	\$ 80.2

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

March 31, 2006

(\$ IN MILLIONS)

FISCAL YEAR 2004-05

FISCAL YEAR 2005-06

March 2005	Yr-to-date 2004-05	Fiscal Yr end SEP 30, 2005	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc March 2006	Exp & Enc Yr-to-date 2005-06
9.3	47.8	93.6	Agriculture	119.2	0.0	5.2	40.4
4.0	27.1	57.4	Attorney General	63.8	0.5	5.0	28.7
22.7	140.0	291.2	Capital Outlay	228.3	0.0	1.0	5.9
1.1	6.2	12.3	Civil Rights	13.2	0.0	1.2	6.2
2.2	12.1	25.3	Civil Service	35.9	0.0	3.4	13.2
163.7	1,110.0	1,909.7	Colleges & Universities	1,868.8	0.5	165.2	1,039.1
619.1	4,606.0	9,808.9	Community Health	10,203.9	23.9	764.8	4,653.3
152.1	841.9	1,682.4	Corrections	1,841.3	0.0	143.9	861.3
8.5	50.0	78.8	Education	101.1	0.0	4.2	36.4
16.1	84.9	178.5	Environmental Quality	410.5	0.0	14.1	86.1
0.2	2.3	5.0	Executive Office	5.4	0.0	0.4	2.4
5.4	24.6	53.9	History, Arts & Library	53.2	0.0	5.7	23.0
344.3	1,962.3	3,929.5	Human Services	4,423.9	0.0	360.2	2,028.8
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
9.9	89.3	207.0	Judiciary	255.4	0.0	16.6	94.1
75.5	337.3	719.9	Labor & Economic Growth	862.6	51.5	66.5	334.0
10.3	62.6	131.2	Legislature	129.7	0.0	9.3	62.8
9.9	75.4	151.9	Management & Budget	169.8	9.9	12.7	81.8
7.6	52.6	102.6	Military Affairs	111.6	0.0	7.8	53.6
6.5	41.9	74.4	Natural Resources	95.8	0.0	7.0	43.7
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
30.2	107.5	215.3	State	197.4	0.0	14.6	104.4
33.2	190.8	427.4	State Police	550.8	16.2	37.6	212.6
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
20.1	818.5	1,528.7	Treasury	1,794.2	64.0	42.0	968.1
\$1,551.9	\$10,691.1	\$21,684.9		\$23,535.9	\$166.5	\$1,688.4	\$10,779.9

*Includes boilerplate appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2006

March, 2006

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,734.5	0.0	15,734.5
Total state spending from state resources	27,094.4	418.0	27,512.4
Percentage of state spending from state resources paid to local units	58.07%		57.19%
Required payments to local units (48.97%)	13,268.1		13,472.8
Surplus/(deficit)	\$2,466.4		\$2,261.7

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2005 THROUGH MARCH 31, 2006
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>17</u>
Total Revenues	<u>17</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>17</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 17</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2005 THROUGH MARCH 31, 2006
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	956
Other	-
Total miscellaneous	<u>956</u>
Total Operating Revenues	<u>956</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>956</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>956</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>(907)</u>
Total Operating Transfers In (Out)	<u>(907)</u>
Net Income (Loss)	<u>\$ 49 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2005 THROUGH MARCH 31, 2006
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>36,053</u>
Total Revenues	<u>36,053</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,340
Capital outlay	<u>19,309</u>
Total Expenditures	<u>20,649</u>
Excess of Revenues over (under) Expenditures	<u>15,404</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	106
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,012)</u>
Total Other Financing Sources (Uses)	<u>(9,906)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 5,498</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

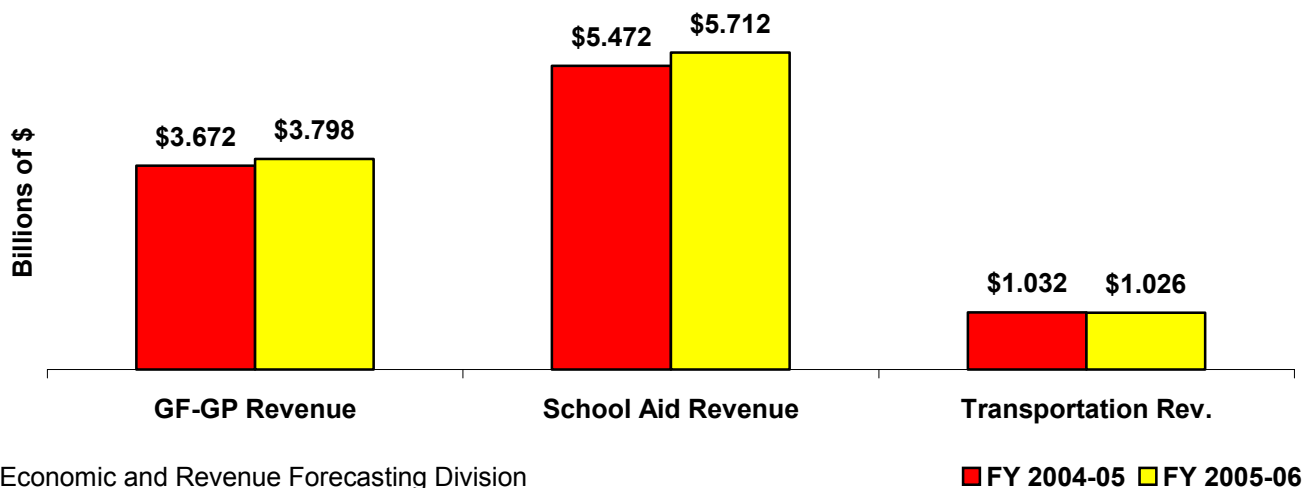
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for March 2006, representing some February and some March economic activity in Michigan.

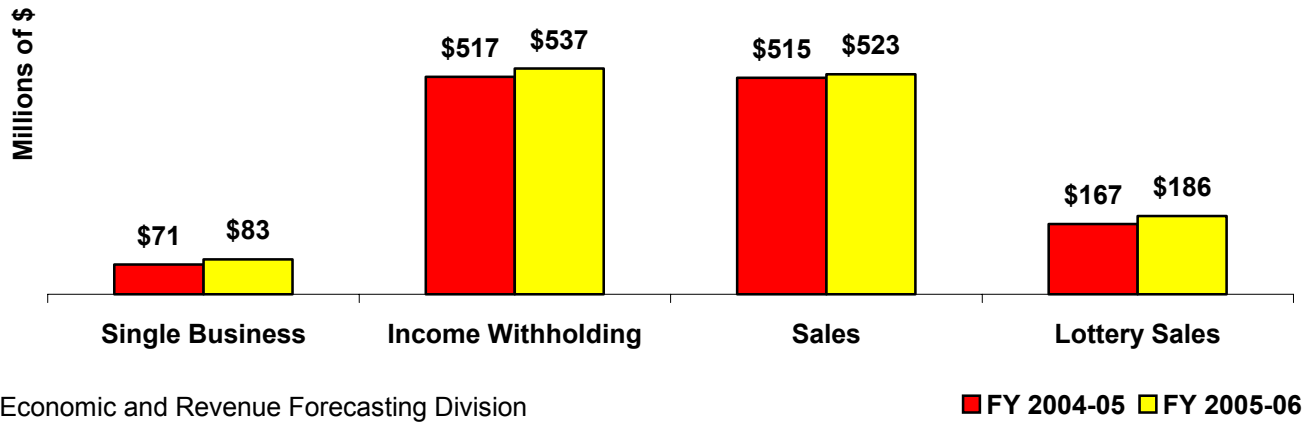
Total General Fund - General Purpose cash collections were \$12.0 million (5.9 percent) higher in March 2006 than in March 2005. March School Aid Fund cash collections were \$9.5 million (1.3 percent) higher than in March 2005. March transportation collections were \$0.1 million (0.0 percent) higher than in March 2005 (see revenue table). March is the sixth month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$125.2 million (3.4 percent) from a year ago. School Aid Fund cash collections are up \$239.7 million (4.4 percent), and transportation collections are down \$6.3 million (0.6 percent).

The FY 2005-2006 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 12, 2006. The Consensus estimate for net General Fund – General Purpose revenue for FY 2005-2006 is \$8,207.8 million and the net School Aid revenue forecast is \$11,230.9 million. The Transportation Funds revenue forecast is \$2,249.8 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in May 2006.

**October through March Collections
Fiscal Years 2004-05 and 2005-06**



March Revenue Collections Fiscal Years 2004-05 and 2005-06



October through March Collections Fiscal Years 2004-05 and 2005-06



Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2006

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual Totals	Statutory Estimate	Jan 2006 Consensus
Income Taxes											
\$517,478	\$536,845	\$19,367	3.7%	Withholding	\$3,295,937	\$3,328,709	\$32,772	1.0%	\$6,427,400	\$6,607,100	\$6,556,600
6,584	7,404	820	12.5%	Quarterlies	241,899	289,444	47,546	19.7%	643,000	670,100	670,000
43,236	48,517	5,282	12.2%	Annuals	107,725	125,142	17,417	16.2%	648,600	624,200	640,100
567,297	592,766	25,468	4.5%	Gross Collections	3,645,560	3,743,295	97,735	2.7%	\$7,719,000	\$7,901,400	\$7,866,700
457,530	486,556	29,026	6.3%	Less: Refunds	978,736	1,005,079	26,343	2.7%	1,610,800	1,725,000	1,696,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,500	1,500	1,500
109,768	106,210	(3,557)	-3.2%	Net Personal Income	2,666,824	2,738,216	71,392	2.7%	\$6,106,700	\$6,174,900	\$6,169,200
141,824	154,119	12,295	8.7%	Less: Disbursements to SAF	911,390	973,257	61,867	6.8%	\$1,985,600	\$2,051,000	\$2,041,400
(\$32,057)	(\$47,909)	(\$15,852)	49.5%	NET PERSONAL INCOME TO GF-GP	\$1,755,434	\$1,764,959	\$9,525	0.5%	\$4,121,100	\$4,123,900	\$4,127,800
Consumption Taxes											
\$6,760	\$7,025	\$265	3.9%	Sales (a)	\$44,084	\$40,304	(\$3,780)	-8.6%	\$99,200	\$114,700	\$105,300
75,994	75,209	(785)	-1.0%	Use	445,348	451,041	5,693	1.3%	934,700	963,600	961,500
8,520	17,274	8,755	103.0%	Tobacco	57,148	113,460	56,313	98.5%	116,500	228,100	231,300
3,950	3,861	(90)	-2.3%	Beer, Wine & Mixed Spirits	23,296	23,137	(159)	-0.7%	51,000	52,500	52,000
2,230	2,371	142	6.4%	Liquor Specific	13,860	14,393	533	3.8%	33,600	34,000	34,000
\$97,454	\$105,740	\$8,287	8.5%	TOTAL CONSUMPTION TAXES	\$583,735	\$642,334	\$58,600	10.0%	\$1,234,900	\$1,392,900	\$1,384,100
Other Taxes											
\$70,999	\$83,482	\$12,483	17.6%	Single Business	\$862,787	\$902,796	\$40,009	4.6%	\$1,913,500	\$1,913,800	\$1,817,900
14,326	10,746	(3,580)	-25.0%	Insurance Premiums Taxes	127,851	126,334	(1,517)	-1.2%	249,500	240,000	255,000
85,326	94,228	8,902	10.4%	Sub-total SBT & Insurance	990,638	1,029,130	38,492	3.9%	2,163,000	2,153,800	2,072,900
2,827	236	(2,590)	-91.6%	Inheritance / Estate	17,994	323	(17,671)	-98.2%	101,500	8,000	5,000
3	0	(3)	-100.0%	Telephone & Telegraph	45,741	46,433	692	1.5%	99,100	81,300	83,000
7,320	11,639	4,318	59.0%	Oil & Gas Severance	33,373	51,939	18,566	55.6%	66,700	60,000	84,000
3,578	4,013	434	12.1%	Casino Wagering	17,281	22,518	5,237	30.3%	42,200	43,100	43,200
11,067	20,261	9,194	83.1%	Penalties & Interest	58,998	75,329	16,331	27.7%	142,500	108,000	145,700
(11)	1	12	na	Miscellaneous Other/Railroad	140	129	(11)	-8.0%	1,200	0	0
(6,667)	(7,667)	(1,000)	15.0%	Treasury Enforcement Programs	(40,000)	(43,000)	(3,000)	7.5%	(91,200)	(80,000)	(92,000)
\$103,443	\$122,711	\$19,268	18.6%	TOTAL OTHER TAXES	\$1,124,165	\$1,182,801	\$58,636	5.2%	\$2,525,000	\$2,374,200	\$2,341,800
\$168,840	\$180,542	\$11,703	6.9%	SUBTOTAL GF-GP TAXES	\$3,463,334	\$3,590,095	\$126,761	3.7%	\$7,881,000	\$7,891,000	\$7,853,700

continued

Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2006

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual	Statutory	Jan 2006
Totals											
Consensus											
Non-Tax Revenue(h)											
\$2,917	\$2,917	\$0	0.0%	Federal Aid	\$17,500	\$17,500	\$0	0.0%	\$35,700	\$35,000	\$35,000
167	167	0	0.0%	Local Agencies	1,000	1,000	0	0.0%	300	2,000	2,000
1,500	1,500	0	0.0%	Services	9,000	9,000	0	0.0%	19,800	18,000	18,000
4,500	2,833	(1,667)	-37.0%	Licenses & Permits	27,000	22,000	(5,000)	-18.5%	27,400	54,000	34,000
0	0	0	na	Investments/Interest Costs	(1,195)	(213)	981	-82.1%	(54,400)	(85,000)	(70,000)
9,433	12,050	2,617	27.7%	Misc. Non-tax Revenue	56,600	67,275	10,675	18.9%	135,100	124,500	144,600
11,333	11,667	333	2.9%	Liquor Purchase Revolving Fund	68,000	68,500	500	0.7%	142,200	134,000	140,000
5,192	4,208	(983)	-18.9%	From Other Funds-Lottery & Escheats	31,150	22,450	(8,700)	-27.9%	111,700	39,300	50,500
\$35,042	\$35,342	\$300	0.9%	TOTAL NON-TAX REVENUE	\$209,055	\$207,512	(\$1,544)	-0.7%	\$417,800	\$321,800	\$354,100
\$203,881	\$215,884	\$12,003	5.9%	TOTAL GF-GP REVENUE	\$3,672,390	\$3,797,607	\$125,217	3.4%	\$8,298,900	\$8,212,900	\$8,207,800
School Aid Fund											
\$210,029	\$230,129	\$20,100	9.6%	Sales Tax 4%	\$1,317,304	\$1,350,876	\$33,572	2.5%	2,690,000	2,814,800	2,774,900
164,493	139,629	(24,864)	-15.1%	Sales Tax 2%	1,034,697	1,014,235	(20,462)	-2.0%	2,115,700	2,213,600	2,174,900
37,997	37,605	(392)	-1.0%	Use Tax 2%	222,674	225,520	2,846	1.3%	467,600	481,800	480,800
15,414	18,995	3,581	23.2%	State Education Property Tax	1,185,226	1,307,574	122,348	10.3%	1,914,500	1,956,900	2,010,000
24,466	20,867	(3,600)	-14.7%	Real Estate Transfer Tax	156,964	157,820	856	0.5%	313,500	316,000	310,000
55,000	60,000	5,000	9.1%	Lottery Transfer (d)	264,883	305,579	40,697	15.4%	667,600	654,300	685,000
8,281	9,286	1,005	12.1%	Casino Wagering Tax	39,994	52,113	12,119	30.3%	97,600	99,700	100,000
2,207	2,343	136	6.2%	Liquor Excise Tax	13,689	14,253	565	4.1%	33,100	34,000	34,000
34,163	35,069	907	2.7%	Cigarette/Tobacco Tax	229,156	230,341	1,185	0.5%	472,700	463,100	469,800
22,768	18,101	(4,667)	-20.5%	Indus. & Comm. Facilities Taxes	92,440	74,402	(18,038)	-19.5%	138,200	133,000	136,000
533	484	(49)	-9.2%	Specific Other	3,478	5,598	2,120	61.0%	13,600	14,800	14,100
141,824	154,119	12,295	8.7%	Income Tax Earmarking	911,390	973,257	61,867	6.8%	\$1,985,600	\$2,051,000	\$2,041,400
\$717,175	\$726,627	\$9,452	1.3%	TOTAL SCHOOL AID FUND	\$5,471,895	\$5,711,571	\$239,676	4.4%	\$10,909,700	\$11,233,100	\$11,230,900
\$514,541	\$523,177	\$8,636	1.7%	SALES TAX 6%	\$3,230,204	\$3,265,696	\$35,492	1.1%	\$6,599,100	\$6,905,000	\$6,799,800
350,048	383,548	33,500	9.6%	SALES TAX 4%(d)	2,195,507	2,251,461	55,954	2.5%	4,483,400	4,691,400	4,624,900
164,493	139,629	(24,864)	-15.1%	SALES TAX 2%	1,034,697	1,014,235	(20,462)	-2.0%	2,115,700	2,213,600	2,174,900
113,991	112,814	(1,177)	-1.0%	USE TAX 6%	668,022	676,561	8,539	1.3%	1,402,300	1,445,500	1,442,300
12,370	13,872	1,502	12.1%	CASINO WAGERING TAX	59,744	77,848	18,104	30.3%	145,800	149,000	149,400
84,352	86,805	2,453	2.9%	TOBACCO TAXES	565,818	570,152	4,334	0.8%	1,179,900	1,145,500	1,161,500
0	0	0	na	TOBACCO SETTLEMENT	5	3,116	3,110	na	na	na	na
(23)	0	23	na	CIGARETTE INVENTORY TAX	(298)	0	298	na	na	na	na

continued

Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2006

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS			
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006	
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual	Statutory	Jan 2006	
Totals											Estimate	Consensus
Major Transportation Revenues												
\$13,014	\$14,170	\$1,156	8.9%	Diesel Fuel / Motor Carrier Fuel Tax (g)	\$74,776	\$76,364	\$1,588	2.1%	\$146,308	\$151,100	\$153,000	
67,458	68,892	1,433	2.1%	Gasoline	453,498	442,713	(10,784)	-2.4%	922,368	942,000	927,700	
80,604	79,273	(1,332)	-1.7%	Motor Vehicle Registration	443,724	448,009	4,285	1.0%	863,367	891,300	899,000	
6,473	4,275	(2,197)	-33.9%	Other Taxes, Fees & Misc.	31,697	22,278	(9,419)	-29.7%	221,060	190,013	201,484	
4,712	5,719	1,007	21.4%	Comprehensive Transportation (c)	28,273	36,355	8,082	28.6%	62,749	76,793	68,628	
\$172,261	\$172,329	\$67	0.0%	TOTAL MAJOR TRANS. REVENUES	\$1,031,968	\$1,025,720	(\$6,248)	-0.6%	\$2,215,852	\$2,251,205	\$2,249,811	
Lottery Sales By Games (b)												
53,593	60,663	7,070	13.2%	Instant Games	325,168	358,741	33,572	10.3%	na	na	na	
57,429	59,344	1,915	3.3%	Daily Games	352,246	342,838	(9,408)	-2.7%	na	na	na	
20,781	24,932	4,151	20.0%	Lotto and Big Game	134,966	165,165	30,199	22.4%	na	na	na	
1,069	1,230	161	15.0%	Keno Game	6,438	7,087	649	10.1%	na	na	na	
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na	
33,821	39,964	6,143	18.2%	Club Games	179,192	229,671	50,479	28.2%	na	na	na	
\$166,694	\$186,133	\$19,439	11.7%	TOTAL LOTTERY SALES	\$998,011	\$1,103,502	\$105,491	10.6%	na	na	na	

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

d 2% collections adjusted to reflect exemption on residential utilities.

e Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

f Non-tax revenue estimates other than interest are estimates.

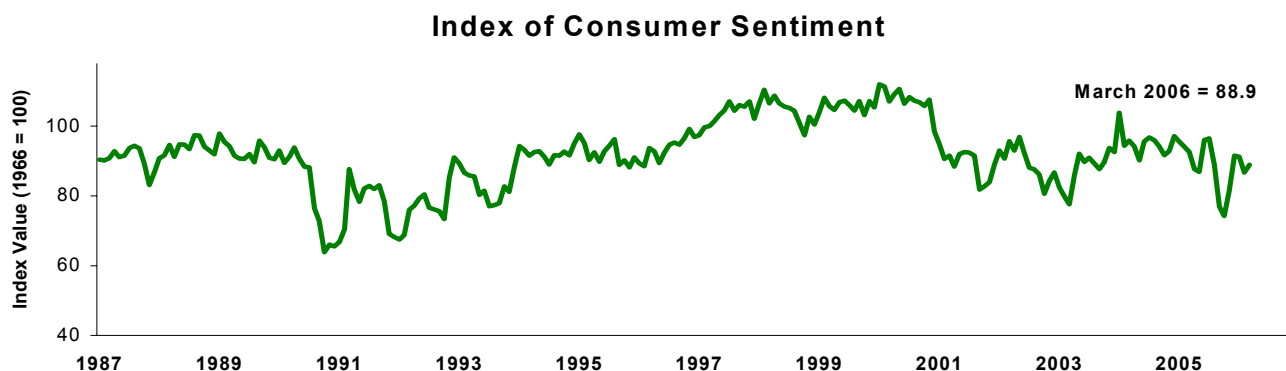
g Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



The **Index of Consumer Sentiment** was 88.9 in March, 2.2 index-points above the February value but 3.7 index-points below March 2005. Survey director Richard Curtin reported, “All of the March gain was among households with incomes above \$50,000, while the Sentiment Index among lower income households declined slightly. There has been a growing gap between upper and lower income households in their assessments of changes in their financial situation. Complaints about rising prices, especially energy prices, are twice as high among lower income households.” Curtin noted that, “There was a growing belief across all households that the pace of economic growth would slow in the second half of 2006. Although consumers didn’t necessarily think it would mean bad times were ahead, they did anticipate a slight increase in unemployment.” On risks for consumer spending, Curtin observed, “While the overall pace of consumption is expected to expand at a respectable 3% during 2006, the housing market remains the weakest and most critical element in the forecast. While it is likely that most of the falloff in home sales as well as the impact of reduced cash-outs will occur in 2007, the slowdown in home appreciation has already been widely reported by consumers.” In March, consumers in only one of the four regions reported an increase in confidence. Southern consumers reported an increase in confidence of 8.9 index-points, while Northeastern consumers reported no change in confidence. Midwestern consumers reported the largest decrease in confidence of 2.7 index-points. The gap across regions decreased from last month to 9.5 index-points, with Western consumers on top and Northeastern consumers on the bottom.

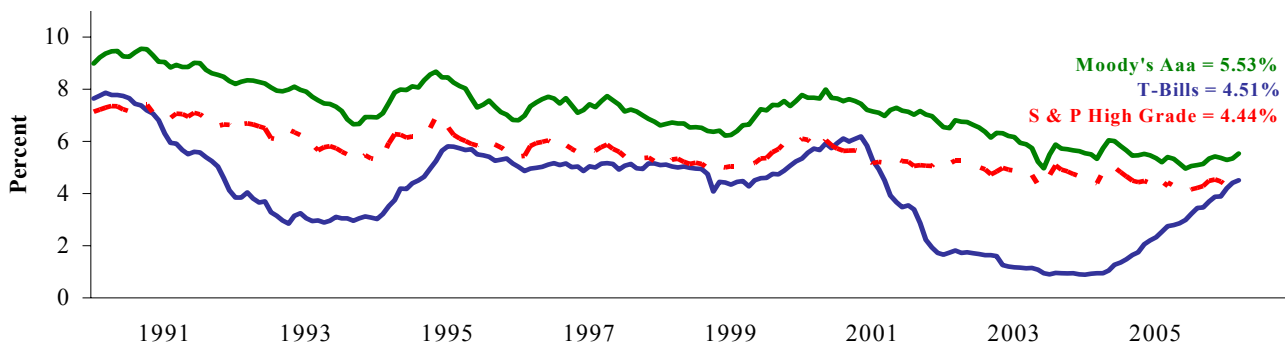
The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2005 is \$11,248.3 billion (chained 2000 dollars), an increase of 1.7 percent at an annual rate. In the third quarter of 2005, real gross domestic product increased 4.1 percent. Private inventory investment, personal consumption expenditures, equipment and software, exports and residential fixed investment led fourth quarter growth. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 0.9 percent in the fourth quarter compared to an increase of 4.1 percent in the third quarter. Real residential fixed investment increased 2.8 percent in the fourth quarter compared to an increase of 7.3 percent in the third quarter. Real nonresidential fixed investment increased 4.5 percent in the fourth quarter led by increased investment in equipment and software of 5.0 percent. Real federal government expenditures decreased 2.6 percent in the fourth quarter, compared to an increase of 7.4 percent in the third quarter. Real state and local government spending increased 0.2 percent in the fourth quarter the same as in the third quarter. Exports of goods and services increased

5.1 percent in the fourth quarter, compared to a 2.5 percent increase in the third quarter. Imports increased 12.1 percent in the fourth quarter compared to an increase of 2.4 percent in the third quarter. Private inventory investment increased \$37.9 billion in the fourth quarter, up from a \$13.3 billion decrease in the third quarter. Real final sales decreased 0.2 percent in the fourth quarter compared to a 4.6 percent increase in the third quarter. On the inflation front, the **implicit price deflator** increased at a 3.5 percent annual rate in the fourth quarter compared to the 3.3 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.4 percent in March, up from a 0.1 percent increase in February. Energy increased by 1.3 percent in March; compared to a 1.2 percent decrease in February, while the all-items less food and energy component increased 0.3 percent. For the six months since September, the all-items index increased at a 1.2 percent annual rate.

Compared to March 2005, the all-items index increased 3.4 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.6 percent; housing, 3.7 percent; medical care, 4.1 percent; recreation, 1.5 percent; education and communication, 2.6 percent; and other goods and services, 2.8 percent, with tobacco prices up 4.5 percent; transportation 5.1 percent, with gasoline prices up 17.0 percent. The unadjusted decreases from one year ago were: apparel, 1.2 percent.

Selected Key Interest Rates

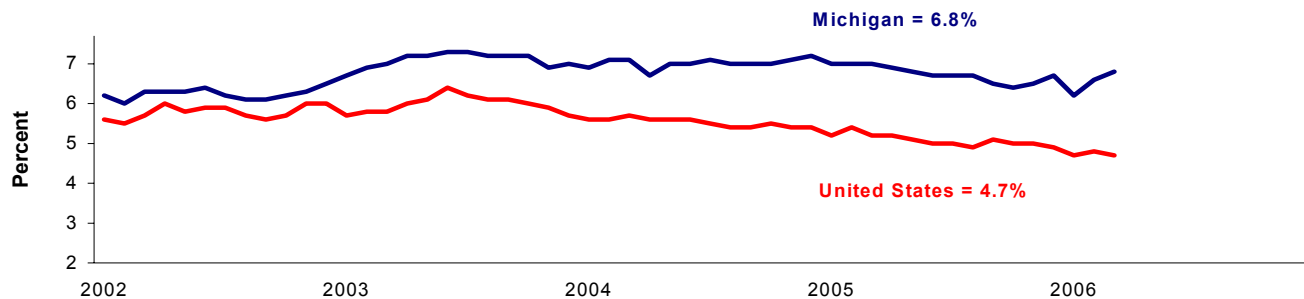


Source: Economic Indicators

Short-term **interest rates** increased 0.10 percentage points in March as the 3-month Treasury bill (T-bill) rate averaged 4.51 percent. Compared to one year ago, the T-bill rate is up 1.76 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.18 percentage points to an interest yield of 5.53 percent in March. Compared to one year ago, the Aaa bond yield is up 0.13 percentage points. The interest rate on High-grade municipal bonds increased 0.03 percentage points to 4.44 percent in March, and stands 0.02 percentage points above its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its March 28th meeting to 4.75 percent. The FOMC stated that, "As yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation, ongoing productivity gains have helped to hold the growth of unit labor costs in check and inflation expectations remained contained." The FOMC judges that, "some further policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance." The committee "will respond to changes in economic prospects as needed to foster these objectives."

In March, the **U. S. unemployment rate** decreased 0.1 percentage points from a month ago to 4.7 percent and was down 0.5 percentage points from one year ago. Civilian employment totaled 143.6 million persons in March, up 0.4 million from February. The number of unemployed was 7.0 million nationwide.

Unemployment Rates 2002 - 2006

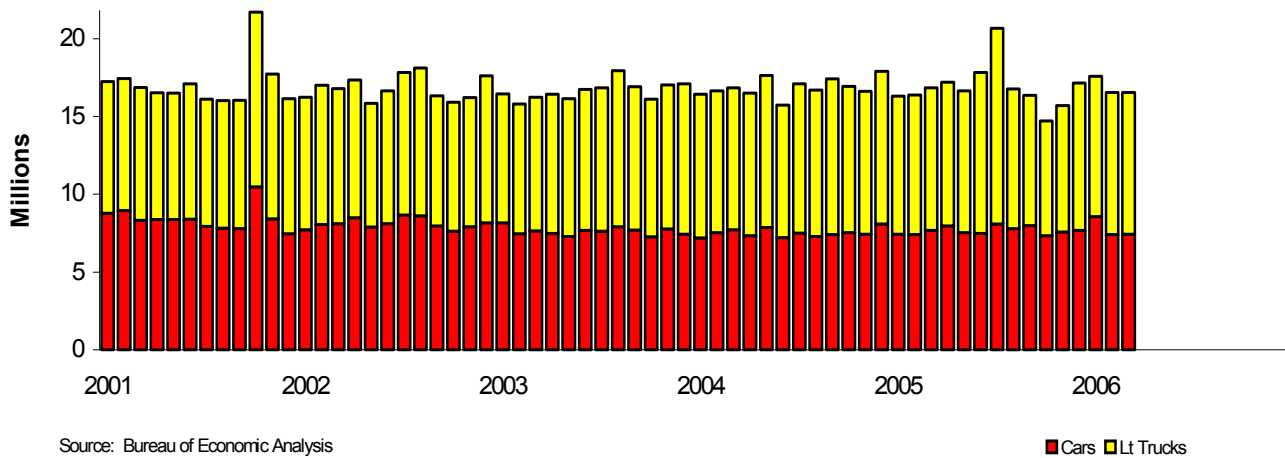


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In March, the **Michigan jobless rate** increased 0.2 percentage points to 6.8 percent. Compared to a year ago, Michigan's jobless rate was 0.2 percentage points lower. From a month ago, the labor force increased by 17,000 to 5,131,000, while the number of people employed increased by 6,000 to 4,782,000. In March, there were 349,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 6.5 percent may be a better measure of actual conditions.

Motor Vehicle Sector

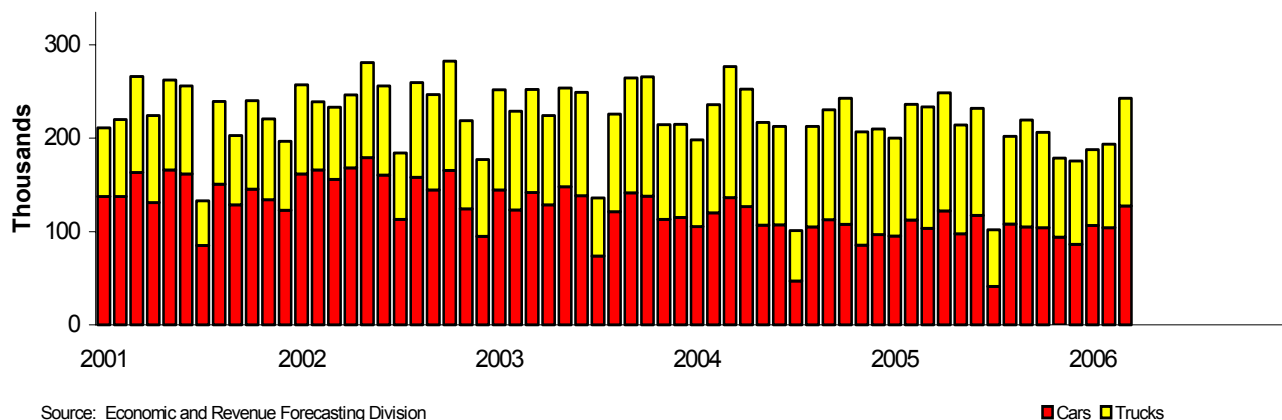
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) remained unchanged in March compared to last month, selling at a 16.5 million unit seasonally adjusted annual rate. Domestic car sales decreased 2.5 percent while domestic light truck sales decreased 0.6 percent. Import car sales increased 7.2 percent while import light truck sales increased 1.9 percent. Compared to last year, light vehicle sales decreased 1.8 percent. Domestic car sales were down 3.9 percent while domestic light truck sales decreased 2.5 percent. Import car sales were down 2.1 percent while import truck sales rose 12.9 percent from last year. As a result, the domestic share decreased 1.0 percentage points from a year ago. For fiscal year 2006 year-to-date, domestic light vehicles have recorded a 79.6 percent share of a 16.4 million-unit market.

Michigan motor vehicle production increased to 242,905 units in March. From a year ago, motor vehicle production increased 4 percent in Michigan and rose 7 percent nationally. In March, Michigan's car production was 127,494 units while the state's truck production was 115,411 units. Compared with a year ago, car production increased 23 percent in Michigan and rose 15 percent nationwide. The state's truck production decreased 11 percent while national truck production rose 3 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 12, 2006 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2003-2004 Actual	Fiscal Year 2004-2005 Estimate	Fiscal Year 2005-2006 Estimate
Applicable Calendar Year Personal Income	\$303,745	\$314,460	\$324,134
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,825.4	\$29,842.3	\$30,760.3
Revenue Limit	\$28,825.4	\$29,842.3	\$30,760.3
State Revenue Subject to Limit	\$24,384.7	\$24,949.8	\$25,294.5
Amount Under (Over) Limit	\$4,440.7	\$4,892.4	\$5,465.8

Sources:

Personal Income Estimate

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

The FY 2005-06 calculation uses the official personal income estimate for calendar year 2004 (Survey of Current Business, October 2005).

Revenue Subject to the Limit

The FY 2003-04 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2004.

The FY 2004-05 calculation uses the January 12, 2006 Consensus Revenue Agreement.

The FY 2005-06 calculation uses the January 12, 2006 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury